BIMB SECURITIES

Results Review

Technology

Equity

Inari Amertron Berhad (INRI MK)

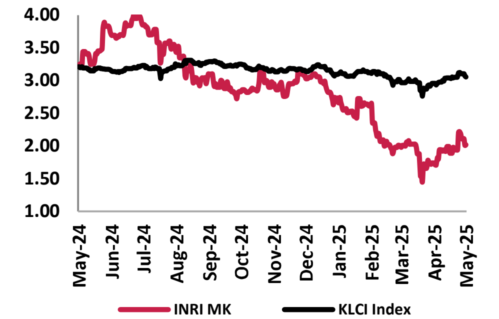
Below **HOLD**

Share Price	RM2.02	
Target Price	RM2.23	+10%

Subdued Performance Amid Weak Sector Dynamics

- **Key Highlights**. Inari Amertron Berhad's (Inari) delivered subdued earnings in 3QFY25, reflecting persistent weakness across its end markets. Revenue declined by >11% YoY and QoQ to RM308.3mn, while core PATAMI fell 15.1% YoY and 5.1% QoQ to RM60.7mn – marking the softest quarterly performance this fiscal year. 9M25 PATAMI contracted sharply by 30.9% YoY, dragged by lower volume loading, unfavourable foreign exchange movements and startup losses at its China subsidiary (~RM15.7mn) during the period. Even after adjusting for these non-core items, core PATAMI dropped 18.1% YoY – still falling short of expectations, making up only 68% of our full-year forecast. Yet, the group declares a third interim single-tier dividend of 1.3sen per share, bringing total dividends YTD to 4.3sen.
- **Earnings Revision.** In view of the weaker than expected results and lack of near-term catalysts, we cut our earnings forecast by 10%/13%/20% for FY25F/26F/27F respectively.
- **Outlook.** We maintain our cautious stance, as volume recovery has yet to materialise amid softness in the smartphone and industrial segments, which continue to account for a significant portion of Inari's portfolio. While data communications are showing early signs of growth, limited exposure to AI and advanced-related packaging restricts the company's ability to capitalise on the sector's selective tailwinds. Though Inari continues to scale its China operations and explore strategic partnerships, contributions remain negligible in the near term. We also see persistent underutilisation risks and cost inefficiencies, likely to remain until meaningful volume rebound or customer onboarding is achieved.
- **Maintain HOLD with a lower TP of RM2.23.** As we roll forward our valuation, we maintain our **HOLD** call while lowered our **TP to RM2.23**, based on a 29x PER (-1 SD below average of 3-year historical forward PER) implied to FY26F EPS of 7.7sen. Long-term prospects remain intact with efforts to tap into advanced packaging markets, but near-term headwinds and volatile geopolitical trade dynamics justify a more conservative stance.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	16.1	(23.0)	(35.5)
vs FBM KLCI	12.4	(22.4)	(33.9)

Stock Data	
ESG Rating	Best
Mkt Cap (RM mn)	7,653.7
Adjusted Beta	1.5
Free float (%)	64.1
Issued shares (mn)	3,788.9
52w H/L (RM)	4.03 / 1.42
3m avg. daily volume	24,988,840

Major Shareholders (%)	
Insas Bhd	13.0
EPF	12.5
KWAP	10.5

Maliana Shaharudin
maliana@bankislam.com.my
+(603) 2613 1741

Table 1: Quarterly Figures

Inari Amertron Berhad	Quarterly			Change (%)		Cumulative		YTD	BIMB	
FYE 30 Jun (RM mn)	3QFY24	2QFY25	3QFY25	QoQ	YoY	9MFY24	9MFY25	%	FY25F	9M/F
Revenue	**347.6**	**349.0**	**308.3**	**(11.7)**	**(11.3)**	**1,145.6**	**1,045.2**	**(8.8)**	**1,574.8**	**66.4**
EBITDA	88.3	87.2	82.1	(5.8)	(6.9)	296.5	261.4	(11.9)	385.8	67.7
EBIT	58.4	52.1	47.6	(8.7)	(18.5)	208.4	156.5	(24.9)	230.5	67.9
Core PBT	74.5	67.6	62.5	(7.6)	(16.2)	255.1	204.9	(19.7)	316.3	64.8
PATAMI	73.7	90.0	55.5	(38.3)	(24.7)	245.5	169.6	(30.9)	294.3	57.6
Core PATAMI	71.4	64.0	60.7	(5.1)	(15.1)	243.7	199.7	(18.1)	294.3	67.9
Core EPS (RM)	1.9	1.7	1.6	(5.1)	(15.1)	6.5	5.3	(18.1)	7.9	67.9
Net gearing (x)	Net Cash	Net Cash	Net Cash			Net Cash	Net Cash			
				Chg (ppts)				Chg (ppts)		
EBITDA margin (%)	25.4	25.0	26.6	1.7	1.3	25.9	25.0	(0.9)	24.5	
Core PBT margin (%)	21.4	19.4	20.3	0.9	(1.2)	22.3	19.6	(2.7)	20.1	
Core PATAMI margin (%)	20.6	18.3	19.7	1.4	(0.9)	21.3	19.1	(2.2)	18.7	
Effective tax rate (%)	3.8	5.9	6.5	0.6	2.7	4.3	6.4	2.1		

Source: BIMB Securities, Company

Table 2: Changes in Earnings Forecast

FYE 30 Jun (RM mn)	Previous			After			Change (%)		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	1,574.8	1,645.6	1,716.3	1,495.5	1,554.5	1,613.0	-5.0%	-5.5%	-6.0%
EBITDA	385.8	427.9	480.6	344.0	349.8	354.9	-10.9%	-18.2%	-26.2%
EBIT	230.5	278.0	339.9	188.6	195.4	201.3	-18.2%	-29.7%	-40.8%
Pretax profit	316.3	359.1	398.0	284.7	310.5	318.7	-10.0%	-13.5%	-19.9%
PATAMI	294.3	334.1	370.3	264.9	288.9	296.5	-10.0%	-13.5%	-19.9%
Core PATAMI	294.3	334.1	370.3	264.9	288.9	296.5	-10.0%	-13.5%	-19.9%

Source: Company, BIMB Securities

Table 3: Earnings Forecast

FYE 30 Jun (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Turnover	**1,354.0**	**1,478.7**	**1,495.5**	**1,554.5**	**1,613.0**
EBITDA	413.6	382.6	344.0	349.8	354.9
Pretax profit	355.8	310.1	284.7	310.5	318.7
Core Net Profit	**327.1**	**314.2**	**264.9**	**288.9**	**296.5**
Consensus			279.7	339.0	387.5
Core EPS (sen)	8.7	8.4	7.1	7.7	7.9
PER (x)	23.2	24.1	28.6	26.2	25.5
BVPS (sen)	69.4	74.5	73.8	73.6	73.6
P/B (x)	2.9	2.7	2.7	2.7	2.7
DPS (sen)	9.2	7.8	7.8	7.9	7.9
Div. Yield (%)	4.5	3.9	3.9	3.9	3.9
Net Gearing (x)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Key Ratios (%)					
ROE	12.8	10.9	8.4	9.2	9.4
EBITDA margin	30.5	25.9	23.0	22.5	22.0
Pretax margin	26.3	21.0	19.0	20.0	19.8
Net margin	24.2	21.2	17.7	18.6	18.4

Source: Bloomberg, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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BIMB SECURITIES

BIMB SECURITIES SDN BHD (290163-X)

A Participating Organisation of Bursa Malaysia Securities Berhad

Level 34, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Tel: 03-2613 1600 Fax: 03-2613 1799

http://www.bimbsec.com.my

Mohd Redza Abdul Rahman
Director of Research